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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

18 In re
19 THE ROMAN CATHOLIC ARCHBISHOP
OF SAN FRANCISCO,
20
21 Debtor and
Debtor in Possession.

Case No. 23-30564

Chapter 11

**DEBTOR'S REPLY TO THE OFFICIAL
COMMITTEE OF UNSECURED
CREDITORS' RESPONSE TO DEBTOR'S
EMERGENCY MOTION FOR ORDER (1)
AUTHORIZING PAYMENT OF
PREPETITION WAGES, SALARIES AND
EMPLOYEE EXPENSES; (2) TO PAY
ACCRUED EMPLOYEE BENEFITS AND
TAXES; AND (3) DIRECTING BANKS TO
HONOR PAYROLL AND EXPENSE
CHECKS [ECF 7]**

Date: October 26, 2023
Time: 1:30 p.m.
Via Zoom
Judge: Hon. Dennis Montali

1 The Roman Catholic Archbishop of San Francisco (“RCASF” or “Debtor”), the debtor and
2 debtor in possession in the above-captioned chapter 11 case (the “Bankruptcy Case”), hereby files
3 its reply to the Response of the Official Committee of Unsecured Creditors to Debtor’s Emergency
4 Motion for Order (1) Authorizing Payment of Prepetition Wages, Salaries and Employee Expenses;
5 (2) To Pay Accrued Employee Benefits and Taxes; and (3) Directing Banks to Honor Payroll and
6 Expense Checks (the “Motion”) as follows:

7 1. The Motion seeks authority to pay prepetition wages and expenses up to the priority
8 amount set forth in the Bankruptcy Code. These amounts are minimal in this case because the
9 RCASF made efforts to prepay all employees and other vendor obligations to minimize the impact
10 of the Chapter 11 filing.

11 2. In past diocesan cases, the United States Trustee (“UST”) and others have raised the
12 question of whether a diocese was seeking such authority with respect to an alleged perpetrator.
13 Here, the Debtor sought to proactively address this issue in the Motion and proposed order.

14 3. The Interim Order on the Motion (ECF 42) requires the Debtor to file a report of the
15 amount of any payments of prepetition wages or expense reimbursement and provide to the UST a
16 list of employees being paid. The Debtor filed the report required by Paragraph 9 of the Interim
17 Order at ECF 204. The prepetition wages paid totaled \$1,622.25. The expense reimbursement for
18 prepetition expenses totaled \$1,593.49.

19 4. The Debtor provided the list of employees receiving prepetition wages and expense
20 reimbursements to the UST and counsel to the Official Committee of Unsecured Creditors
21 (“Committee”) on a confidential basis to keep employee information non-public. The Debtor also
22 noted to the UST and the Committee that the clergy on the list of recipients of prepetition wages
23 and expense reimbursements are on the RCASF good standing list. Thus, the Debtor has ensured
24 compliance with the Interim Order provisions.

25 5. The Committee’s response notes that it does not object to the Motion. Response at
26 page 3, line 16. No other objections or responses have been filed. Thus, the Motion should be
27 granted on a final basis.

28

1 6. The Committee's response raises an issue unrelated to the Motion, which is the
2 RCASF's long standing policy of maintaining a public list of clergy in good standing who have
3 faculties to minister in the Archdiocese of San Francisco. The Motion is not the proper forum to
4 debate the RCASF policy, which dates well before the Chapter 11 filing. Moreover, while not
5 mentioned in the Committee's response, there was substantial testimony at the continued 341
6 meeting regarding the RCASF's extensive Safe Environment Program and the process by which the
7 RCASF responds to reports of abuse. The Committee's response also fails to note that the
8 allegations against the two active and two inactive clergy have been investigated and reviewed by
9 the Independent Review Board ("IRB"), and the allegations were found to not be sustained. The
10 RCASF maintains that its abuse prevention policy is robust, thorough, and effective.

11 7. As was explained at the continued 341 meeting, every allegation is treated seriously,
12 and immediate steps are taken to protect the rights of both the alleged abuse survivor and the alleged
13 abuser. The RCASF has taken exhaustive steps to satisfy the U.S. Conference of Catholic Bishops
14 Charter including by immediately keeping out of active ministry any minister accused of sex abuse
15 of a minor while an investigation or canonical trial is pending. The RCASF would remove
16 permanently from ministry any priest for which sustainable evidence of abuse has been determined.

17 8. The RCASF requires criminal background checks for clergy, employees and
18 volunteers who work with youth. The RCASF implements educational programs for both children
19 and adults to prevent abuse. The RCASF IRB is an essential step in internal procedures for handling
20 allegations of sexual abuse. A qualified investigator conducts investigations into allegations and
21 submits a report to the IRB, whose members include an abuse survivor, psychologist, two
22 physicians, and a retired police officer, among others. These are experts in their respective fields,
23 so the RCASF heavily relies on their expertise. The IRB makes recommendations as to whether
24 there is sufficient evidence to warrant a canonical trial or if, on the other hand, an accusation is
25 manifestly unfounded. These recommendations are indispensable to the RCASF in helping to
26 determine the best course of action. The Archbishop has always followed their guidance. More
27 information about the Survivor's Assistance and Safe Environment Programs is contained in the
28 Debtor's Emergency Motion for Interim and Final Orders Authorizing the Debtor to (1) Pay Certain

1 Prepetition Invoices for Abuse Survivors' Assistance and Safe Environment Programs, and (2)
2 Continue its Prepetition Practice of Paying for Abuse Survivors' Assistance and Safe Environment
3 Programs at ECF 13 and the Declaration of Deacon Fuad "Fred" Totah filed in support of that
4 motion at ECF 13-1.

5 9. The Court can be assured that the RCASF's policies and procedures addressing
6 survivors who request assistance and creating and maintaining a safe environment developed and
7 implemented well before this Chapter 11 case will remain in place and be vigorously pursued during
8 this case.

9 Dated: October 20, 2023

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17 Dated: October 20, 2023

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